

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

**SCOTT HIRTH, and
PROQUEST COMPANY, now known as
VOYAGER LEARNING COMPANY**

Defendants.

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Case No: 08 CV 13139

JURY TRIAL REQUESTED

COMPLAINT

Plaintiff, the United States Securities and Exchange Commission (the “Commission”), for its Complaint against Scott Hirth (“Hirth”) and ProQuest Company, now known as Voyager Learning Company (collectively “ProQuest”), alleges as follows:

INTRODUCTION

1. This case concerns an accounting fraud scheme at ProQuest perpetrated by Defendant Hirth, the former Chief Financial Officer of ProQuest’s Information and Learning Division (“PQIL”). At the end of monthly and quarterly reporting periods, from at least 2001 through 2005, Hirth made fraudulent manual journal entries in order to favorably alter ProQuest’s financial results. These manual journal entries were adjustments to the balances in certain ProQuest accounts and were designed to increase revenue and decrease expenses at ProQuest. These entries, which had no basis and were unsupported, were made in four key areas of PQIL’s accounting – prepaid royalty, deferred revenue, prepaid commissions and accrued royalty payable. Through these false accounting entries, Hirth materially inflated ProQuest’s reported Earnings Before Interest and Taxes (“pre-tax earnings”) for 2001 through 2004 and the

